

## RISK MANAGEMENT

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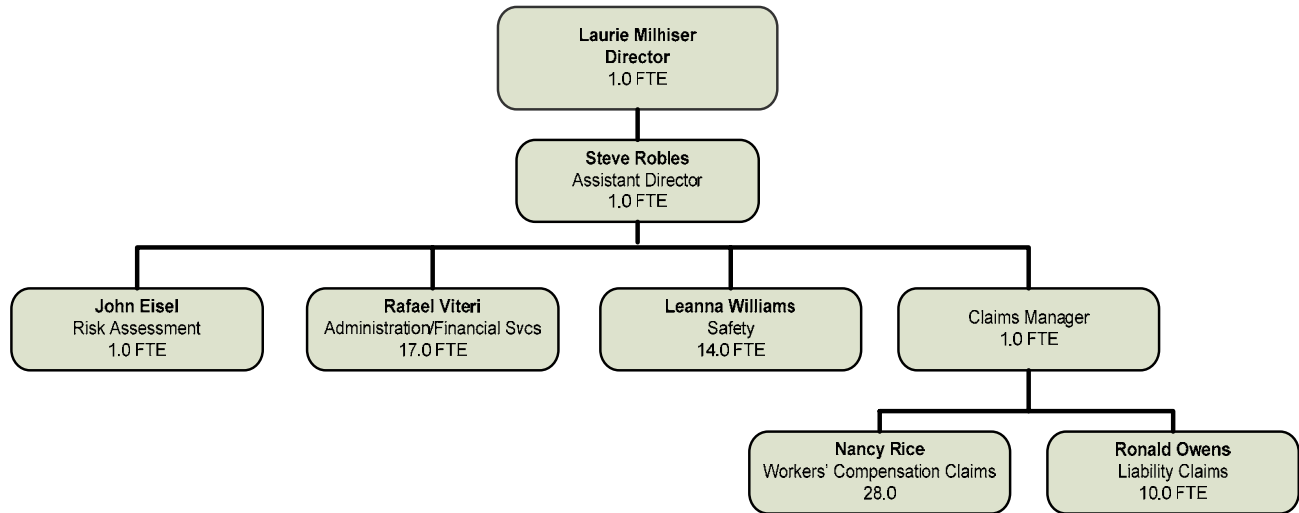
#### MISSION STATEMENT

Risk Management seeks to minimize the frequency and severity of financial loss to the County through a coordinated Integrated Risk Management Program which includes identification and assessment of exposures that can result in loss, effective risk reduction and loss prevention programs for identified risks, aggressive claims management, and fiscally responsible risk financing and recovery.

#### STRATEGIC GOALS

1. Minimize risk management costs and stabilize premiums charged to county departments.
2. Improve customer service by providing interactive communication of risk management data.

#### ORGANIZATIONAL CHART



#### SUMMARY OF BUDGET UNITS

|                                      | 2008-09       |            |                              |          |
|--------------------------------------|---------------|------------|------------------------------|----------|
|                                      | Operating Exp | Revenue    | Revenue Over/<br>(Under) Exp | Staffing |
| <b><u>Internal Service Funds</u></b> |               |            |                              |          |
| Operations                           | 7,180,783     | 7,180,783  | -                            | 73.0     |
| Insurance Programs                   | 64,286,186    | 84,075,100 | 19,788,914                   | -        |
| Total Internal Service Funds         | 71,466,969    | 91,255,883 | 19,788,914                   | 73.0     |

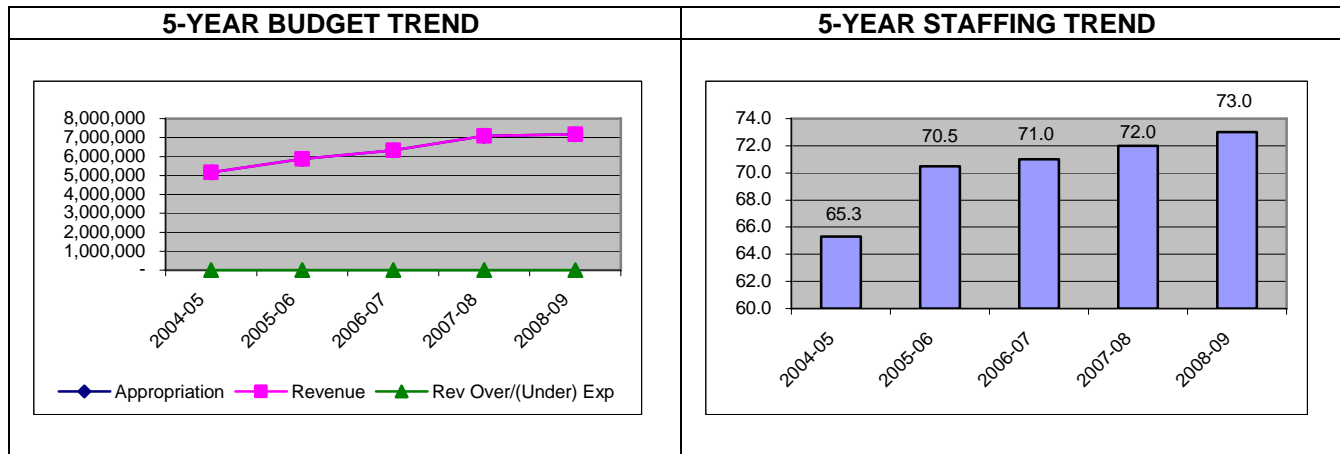
Detailed information for each budget unit follows, along with a description of the services provided, budget unit history and applicable performance measures.

## Operations

### DESCRIPTION OF MAJOR SERVICES

Risk Management administers the county's self-insured workers' compensation, public liability, property conservation, safety and risk reduction programs and its insured programs. All programs are paid from self-insurance funds and financed by charging general fund and non-general fund departments, as well as Board-Governed Special Districts and County Service Areas. Each is billed for its specific coverage for the cost to pay losses under the self-insured programs and the cost of insurance for the insured programs.

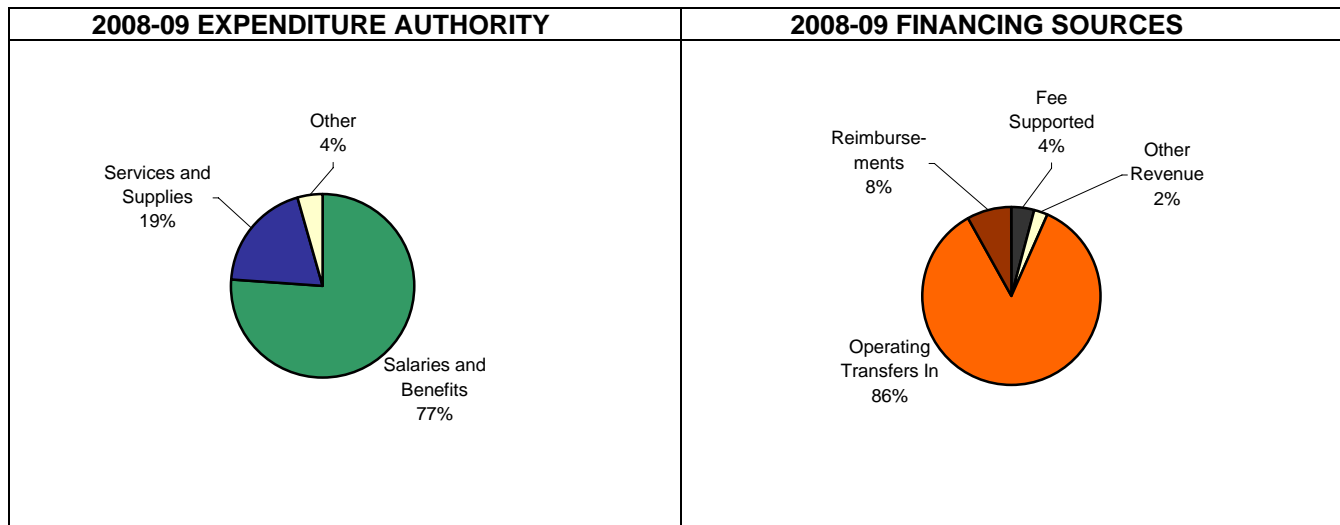
### BUDGET HISTORY



### PERFORMANCE HISTORY

|   | 2004-05<br>Actual | 2005-06<br>Actual | 2006-07<br>Actual | 2007-08<br>Modified<br>Budget | 2007-08<br>Estimate |
|---|-------------------|-------------------|-------------------|-------------------------------|---------------------|
| Appropriation                                 | 4,832,121         | 5,425,784         | 7,775,878         | 7,082,321                     | 6,947,588           |
| Departmental Revenue                          | 5,309,472         | 6,220,413         | 6,505,807         | 7,082,321                     | 7,056,481           |
| Revenue Over/(Under) Exp                      | 477,351           | 794,629           | (1,270,071)       | -                             | 108,893             |
| Budgeted Staffing                             |                   |                   |                   | -                             |                     |
| Fixed Assets                                  | -                 | -                 | 9,800             | 15,000                        | 15,000              |
| Unrestricted Net Assets Available at Year End | 401,845           | 1,196,474         | (485,324)         |                               | (11,571)            |

## ANALYSIS OF PROPOSED BUDGET



GROUP: Administrative/Executive  
DEPARTMENT: Risk Management  
FUND: Operations

BUDGET UNIT: IBP RMG  
FUNCTION: General  
ACTIVITY: Other General

|                             | 2004-05<br>Actual | 2005-06<br>Actual | 2006-07<br>Actual | 2007-08<br>Estimate | 2007-08<br>Final<br>Budget | 2008-09<br>Proposed<br>Budget | Change<br>From<br>2007-08<br>Final<br>Budget |
|-----------------------------|-------------------|-------------------|-------------------|---------------------|----------------------------|-------------------------------|--|
| <b>Appropriation</b>        |                   |                   |                   |                     |                            |                               |  |
| Salaries and Benefits       | 4,020,374         | 4,834,570         | 5,274,621         | 5,628,783           | 5,806,517                  | 5,948,603                     | 142,086                                      |
| Services and Supplies       | 1,164,104         | 1,076,892         | 1,373,999         | 1,509,390           | 1,542,389                  | 1,385,130                     | (157,259)                                    |
| Central Computer            | 45,531            | 53,105            | 62,543            | 70,176              | 70,176                     | 86,738                        | 16,562                                       |
| Travel                      | -                 | -                 | -                 | -                   | -                          | 49,655                        | 49,655                                       |
| Transfers                   | 161,389           | 28,391            | 32,181            | 69,234              | 33,234                     | 93,810                        | 60,576                                       |
| Total Exp Authority         | 5,391,398         | 5,992,958         | 6,743,344         | 7,277,583           | 7,452,316                  | 7,563,936                     | 111,620                                      |
| Reimbursements              | (559,277)         | (575,022)         | (619,169)         | (619,995)           | (619,995)                  | (633,153)                     | (13,158)                                     |
| Total Appropriation         | 4,832,121         | 5,417,936         | 6,124,175         | 6,657,588           | 6,832,321                  | 6,930,783                     | 98,462                                       |
| Depreciation                | -                 | 7,848             | 9,221             | -                   | -                          | -                             | -  |
| Operating Transfers Out     | -                 | -                 | 1,642,482         | 290,000             | 250,000                    | 250,000                       | -  |
| Total Requirements          | 4,832,121         | 5,425,784         | 7,775,878         | 6,947,588           | 7,082,321                  | 7,180,783                     | 98,462                                       |
| <b>Departmental Revenue</b> |                   |                   |                   |                     |                            |                               |  |
| Use Of Money and Prop       | 58,235            | 129,059           | 174,596           | 195,000             | 130,000                    | 195,000                       | 65,000                                       |
| State, Fed or Gov't Aid     | 721               | 8,191             | 56,119            | -                   | -                          | -                             | -  |
| Current Services            | 366,041           | 470,720           | 406,439           | 309,160             | 400,000                    | 325,000                       | (75,000)                                     |
| Other Revenue               | -                 | -                 | 17,846            | -                   | -                          | -                             | -  |
| Total Revenue               | 424,997           | 607,970           | 655,000           | 504,160             | 530,000                    | 520,000                       | (10,000)                                     |
| Operating Transfers In      | 4,884,475         | 5,612,443         | 5,850,807         | 6,552,321           | 6,552,321                  | 6,660,783                     | 108,462                                      |
| Total Financing Sources     | 5,309,472         | 6,220,413         | 6,505,807         | 7,056,481           | 7,082,321                  | 7,180,783                     | 98,462                                       |
| Rev Over/(Under) Exp        | 477,351           | 794,629           | (1,270,071)       | 108,893             | -                          | -                             | -  |
| Budgeted Staffing           |                   |                   |                   |                     | 72.0                       | 73.0                          | 1.0  |
| <b>Fixed Assets</b>         |                   |                   |                   |                     |                            |                               |  |
| Equipment                   | -                 | -                 | 9,800             | 15,000              | 15,000                     | -                             | (15,000)                                     |
| L/P Equipment               | -                 | -                 | -                 | -                   | -                          | 5,389                         | 5,389  |
| Total Fixed Assets          | -                 | -                 | 9,800             | 15,000              | 15,000                     | 5,389                         | (9,611)                                      |

Salaries and benefits of \$5,948,603 fund 73.0 budgeted positions and are increasing by \$142,086 as a result of the addition of 1.0 Claims Manager position; the requested reclassification of an Office Specialist (clerical unit, pay range 35) to an Executive Secretary II (exempt unit, pay range 45); the downgrade of a Supervising Automated Systems Analyst to an Automated Systems Technician to correct a budgetary underfill; and the 2007-08 approved mid-year reclassification of 5.0 positions from Safety Specialist to Departmental Safety Specialist.



Services and supplies of \$1,385,130 include costs for general office expenses, information technology equipment and services. The \$157,259 decrease primarily results from a reduction in the COWCAP allocation, and the movement of travel and training related costs to a new appropriation unit.

Travel is a new appropriation unit for 2008-09. The amount budgeted of \$49,655 reflects anticipated travel costs in the areas of private mileage, air travel, hotel, car rental, and conference fees for this budget unit. These costs were based on departmental analysis of past travel-related expenses previously budgeted in the services and supplies appropriation unit.

Transfers of \$93,810 represent costs for Human Resources programs, Office Depot expenses, and payments made to the Auditor/Controller-Recorder for facilities charges. The increase of \$60,576 is due to office expenses and facilities charges now accounted for in this appropriation unit as opposed to the services and supplies appropriation unit.

Reimbursements of \$633,153 include payments from the insurance funds for six Safety Specialists and a Workers' Compensation Claims Adjuster based on various Board of Supervisor's actions.

Operating transfers out of \$250,000 is an estimate of stale dated warrants and a projected reimbursement of the fund's year-end cash balance to the insurance funds.

Departmental revenue of \$520,000 includes interest and administrative fee revenue from the Emergency Medical Services Program.

Operating transfers in of \$6,660,783 comes from the various insurance funds which are financed through Board of Supervisor's approved rates paid by departments, Board-Governed Special Districts, and County Service Areas. The \$108,462 increase results from the increased costs of program administration including salary and benefits increases due to staffing changes.

Fixed asset equipment of \$5,389 reflects the anticipated cost to lease a copier.

| PERFORMANCE MEASURES  |                   |                      |                      |                      |
|---|-------------------|----------------------|----------------------|----------------------|
| Description of Performance Measure  | 2006-07<br>Actual | 2007-08<br>Projected | 2007-08<br>Estimated | 2008-09<br>Projected |
| Percentage of verified compliance with contractual insurance requirements.      | 52%               | 80%                  | 75%                  | 80%                  |
| Reduce average cost per workers' compensation claim.                            | \$12,490          | <\$18,500            | <\$18,500            | <\$18,000            |
| Reduce average cost per general liability claim.                                | \$9,144           | <\$10,000            | <\$10,000            | <\$9,500             |
| Reduce total cost of risk.  | N/A               | N/A                  | N/A                  | 10%                  |
| Percentage increase in visits to Risk Management website. (currently 130/month) | N/A               | 50%                  | 50%                  | 50%                  |
| Percentage of departments with online access to dashboard.                      | N/A               | New                  | 10%                  | 100%                 |
| CSAC audit results percentage.  | N/A               | New                  | 90%                  | 95%                  |